

## Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 ISO-00 FEA-01 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15  
STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01  
/086 R

DRAFTED BY EB/OT/GCP:JSLATTERY/DFINNERTY:JLP  
APPROVED BY ARA/CTF:WDOZIER  
STR:BSTEINBOCK (DRAFT)  
EB:AWATSON ARA/CAR:AHWITT  
EB/OT:SAHMAD (DRAFT)  
COMMERCE: RADES TREASURY:HBERGHOF  
USDA:KREYNOLDS (DRAFT)  
ARA/ECP:BBURSON A A ITE(DRAFT)  
ARA:RARELLANO-ARA/CAR:W.WHEELER  
LA O : PITE(DRAFT)

-----103894 061056Z /12

R 051632Z NOV 77  
FM SECSTATE WASHDC  
TO AMEMBASSY PORT AU PRINCE  
AMEMBASSY KINGSTON  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY GEORGETOWN  
AMEMBASSY BRIDGETOWN  
AMEMBASSY SANTO DOMINGO  
AMEMBASSY NASSAU  
AMEMBASSY PARAMARIBO  
AMCONSUL BELIZE

C O N F I D E N T I A L STATE 265255

E.O. 11652: GDS

TAGS: ECON, XL

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SUBJECT: CARIBBEAN TASK FORCE - TRADE ISSUES

1. AS PART OF POLICY REVIEW, CARIBBEAN TASK FORCE WILL,  
IN NEXT FEW WEEKS, BE ANALYZING US-CARIBBEAN TRADE. SEVER-  
AL CARIBBEAN GOVERNMENTS HOLD THE VIEW THAT US TARIFF  
LEVELS AND NON-TARIFF BARRIERS, INCLUDING HEALTH AND SAN-  
ITARY REGULATIONS, ARE SIGNIFICANT OBSTACLES TO THE LEVEL

AND COMPOSITION OF CARIBBEAN EXPORTS TO THE US AND THEREFORE A MAJOR IMPEDIMENT TO ECONOMIC DEVELOPMENT. RUM, TOBACCO, CITRUS, AND PINEAPPLE ARE OFTEN CITED AS EXAMPLES OF US PROTECTIONIST INTENT. ALTHOUGH IT IS TRUE THAT US DUTIES ARE RELATIVELY HIGH ON CERTAIN PRODUCTS OF INTEREST TO THE CARIBBEAN AND THAT IN THE PAST IT HAS BEEN DIFFICULT TO GRANT TARIFF CONCESSIONS ON SUCH ITEMS BECAUSE OF DOMESTIC SENSITIVITY, NEVERTHELESS, CITING TARIFF OR OTHER BARRIERS MAY NOT COMPLETELY EXPLAIN TRADE PROBLEMS. FOR EXAMPLE, FROM 1974-1975 CARIBBEAN EXPORTS OF FRESH FRUITS AND VEGETABLES FELL BY ABOUT FOUR MILLION DOLLARS WHILE MEXICAN EXPORTS OF THESE SAME PRODUCTS, FACING THE SAME US TARIFF STRUCTURE, INCREASED BY 17 MILLION DOLLARS. THIS SUGGESTS THAT AT LEAST WITH THESE PRODUCTS, THE DIFFICULTY LIES ON SUPPLY SIDE RATHER THAN IN US TARIFF LEVELS.

2. CARIBBEAN TASK FORCE WILL BE DOING STUDY ON RANGE OF PRODUCTS OF INTEREST TO CARIBBEAN TO DETERMINE TO WHAT EXTENT US TARIFFS AND OTHER NON-TARIFF MEASURES ARE INDEED OBSTACLES TO CARIBBEAN DEVELOPMENT AS CLAIMED BY CARIBBEAN LEADERS. PARTICULAR CASES TENTATIVELY CHOSEN FOR INVESTIGATION ARE TEXTILE RESTRAINTS AND TARIFFS ON RUM, BITTERS, CITRUS, TOBACCO, AND PINEAPPLE.

FYI: WHILE POTENTIAL US TRADE MEASURES MAY NOT BE SUFFICIENT TO MAKE A MAJOR SUBSTANTIVE DIFFERENCE IN CARIBBEAN DEVELOPMENT, THE US WILL BE DOING STUDY ON RANGE OF PRODUCTS OF INTEREST TO CARIBBEAN TO DETERMINE TO WHAT EXTENT US TARIFFS AND OTHER NON-TARIFF MEASURES ARE INDEED OBSTACLES TO CARIBBEAN DEVELOPMENT AS CLAIMED BY CARIBBEAN LEADERS. PARTICULAR CASES TENTATIVELY CHOSEN FOR INVESTIGATION ARE TEXTILE RESTRAINTS AND TARIFFS ON RUM, BITTERS, CITRUS, TOBACCO, AND PINEAPPLE.

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IBBEAN ECONOMIC DEVELOPMENT, THE US AND CARIBBEAN COUNTRIES ARE CURRENTLY ENGAGED IN THE MULTILATERAL TRADE NEGOTIATIONS WHERE THESE ISSUES WILL BE DIRECTLY FACED IN A NEGOTIATING CONTEXT. AT PRESENT AN INTERAGENCY GROUP IS MAKING RECOMMENDATIONS ON PRODUCT-BY-PRODUCT BASIS FOR US TARIFF CONCESSIONS IN THE MTN. IF MEANINGFUL TRADE CONCESSIONS CAN BE NEGOTIATED IN THE MTN ON PRODUCTS TO WHICH CARIBBEAN COUNTRIES GIVE IMPORTANCE, THIS WOULD PROVIDE SUPPORT TO OUR DIPLOMATIC EFFORTS IN THE REGION IN CONJUNCTION WITH PROPOSED INCREASED AID. MOREOVER, A WILLINGNESS OF THE US TO ACT ON SOME BARRIERS PERCEIVED TO BE IMPORTANT COULD HELP CHANGE THE FEELING THAT ACTUAL OR PERCEIVED TRADE BARRIERS BLOCK EFFORTS TO INCREASE PRODUCTION AND EXPORT SALES. AT THE SAME TIME, CARIBBEAN COUNTRIES SHOULD UNDERSTAND THAT THE MTN IS A NEGOTIATION AND ANY MEANINGFUL CONCESSIONS BY THE US WILL DEPEND ON CONTRIBUTIONS BY BENEFICIARY COUNTRIES CONSISTENT WITH THEIR TRADE, FINANCIAL, AND DEVELOPMENT NEEDS. IN THE CASE OF SOME OF THE PRODUCTS WHICH ARE IMPORTANT TO THE CARIBBEAN, INCLUDING CITRUS, TOBACCO AND PINEAPPLE, COUNTRIES OUTSIDE THE CARIBBEAN AREA ARE PRINCIPAL SUPPLIERS OF THESE ITEMS TO THE US. CONSEQUENTLY, US CONCESSIONS WOULD ALSO BE CON-

TINGENT ON CONCESSIONS BY THE MAJOR SUPPLIERS. END FYI.

3. ACTION REQUESTED: (A) POSTS REQUESTED TO INFORM DEPARTMENT ASAP OF ANY OTHER PRODUCT OR PRODUCT GROUP WHICH SHOULD BE INCLUDED IN TASK FORCE STUDY. WE ARE SEEKING TO LIMIT STUDY TO RELATIVELY SMALL NUMBER OF PRODUCTS IN ORDER TO KEEP ANALYSIS MANAGEABLE BUT WANT TO BE CERTAIN TO INCLUDE PRINCIPAL ITEMS PERCEIVED TO BE IMPORTANT TO THE CARIBBEAN, EITHER AT PRESENT OR POTENTIALLY; (B) POSTS INVITED TO COMMENT ON PROPOSED STUDY, AND SUBMIT INFORMATION WHICH MAY BE RELEVANT ON THESE OR OTHER PRODUCTS, INCLUDING SPECIFIC INSTANCES WHERE CARIBBEAN EXPORTERS EXPERIENCED DIFFICULTIES EITHER WITH US TRADE REGULATIONS THEMSELVES OR THE WAY IN WHICH SUCH REGULATIONS ARE ADMIN-  
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ISTERED. SUCH REPORTING SHOULD CONTAIN AS MUCH INFORMATION AS POSSIBLE TO SUBSTANTIATE THAT THE WAY THE REGULA-

TION IS ADMINISTERED IS UNREASONABLE OR UNWARRANTED. POSTS SHOULD, OF COURSE, ROUTINELY REPORT CASES WHERE EXPORTER APPEARS TO ENCOUNTER UNREASONABLE DIFFICULTIES WITH ADMINISTRATION OF US CUSTOMS OR SANITARY/HEALTH REGULATIONS, SO THAT APPROPRIATE WASHINGTON AGENCIES CAN INVESTIGATE AND SEEK WAYS OF RESOLVING DIFFICULTIES IN THE PARTICULAR CASE.

4. TASK FORCE WOULD ALSO LIKE TO COMPILE INVENTORY OF ALL US TRADE BARRIERS IN WHICH CARIBBEAN COUNTRIES ARE INTERESTED. WE NOTE THAT TIMETABLE FOR MULTILATERAL TRADE NEGOTIATIONS IN GENEVA SPECIFIED THAT INDIVIDUAL COUNTRY REQUESTS FOR TRADE CONCESSIONS SHOULD BE SUBMITTED WITHIN THE NEXT FEW WEEKS. CONSEQUENTLY, IN ORDER NOT TO BURDEN POSTS WITH COMPILING INVENTORY WHICH WOULD DUPLICATE WORK GOVERNMENTS ARE DOING FOR THE MTN, TASK FORCE WILL AWAIT RECEIPT OF CARIBBEAN REQUEST LISTS VIA MTN IN GENEVA. HOWEVER, ANY INFORMATION WHICH POSTS WISH TO PROVIDE ON US BARRIERS WOULD BE WELCOME.

5. A NUMBER OF CARIBBEAN EXPORTS COMPETE WITH PUERTO RICAN PRODUCTION. UNDER THE TRADE ACT, THE SPECIAL INTERESTS OF PUERTO RICO WILL BE TAKEN INTO CONSIDERATION IN THE MTN. THUS POSTS SHOULD ALSO PROVIDE ANY AVAILABLE INFORMATION ON TARIFF AND OTHER BARRIERS PUERTO RICAN EXPORTERS FACE IN THE CARIBBEAN.

6. POSTS ARE REQUESTED TO APPROACH APPROPRIATE HOST GOVERNMENT OFFICIALS TO EMPHASIZE TO THEM THAT THE MTN PRESENTS THE BEST OPPORTUNITY TO NEGOTIATE IMPROVED MARKET  
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ACCESS. IN THIS CONNECTION, POSTS SHOULD REVIEW WITH THEIR HOST GOVERNMENTS SCHEDULE FOR SUBMISSION OF REQUESTS AND OFFERS WHICH HAS BEEN AGREED UPON IN GENEVA: NOVEMBER 1 FOR SUBMISSION OF REQUESTS FOR AGRICULTURAL PRODUCTS AND FOR NON-TARIFF MEASURES AFFECTING INDUSTRIAL AND AGRICULTURAL PRODUCTS; AND JANUARY 15 FOR TABLING OFFERS. WE ANTICIPATE THAT DECEMBER 1 WILL BE THE AGREED DATE FOR SUBMISSION OF REQUESTS ON INDUSTRIAL TARIFFS. POSTS MAY WISH TO POINT OUT THAT SCHEDULE PROVIDES THAT REQUESTS MAY BE REFINED, ADDED TO AND SUBTRACTED FROM AS NEGOTIATIONS PROGRESS, BUT THAT TIMELY SUBMISSION OF REQUESTS WILL ALLOW PARTICIPANTS TO TAKE CARIBBEAN INTERESTS FULLY INTO ACCOUNT WHEN DEVELOPING THEIR OFFERS. IT HAS BEEN FURTHER AGREED THAT DEVELOPING COUNTRIES COULD TABLE THEIR OFFERS SOMETIME AFTER JANUARY 15, WHICH WOULD ALLOW THEM TO STUDY DC OFFERS BEFORE MAKING FINAL DECISIONS ON THEIR OWN CONTRIBUTIONS.

7. ACTION GEORGETOWN AND OTHER CARICOM POSTS: TO DATE, CARICOM COUNTRIES HAVE BEEN NEGOTIATING IN MTN AS INDIVIDUAL COUNTRIES, ALTHOUGH TRINIDAD AND JAMAICA, WHICH ARE THE ONLY CARICOM COUNTRIES PARTICIPATING IN THE MTN, HAVE NOTED NEED TO PRE-NEGOTIATE ALL CONCESSIONS WE MIGHT REQUEST FROM THEM WITH OTHER CARICOM COUNTRIES. POSTS REQUESTED TO EMPHASIZE TO HOST GOVERNMENT THAT USG WOULD BE WILLING TO NEGOTIATE WITH CARICOM AS SINGLE ENTITY IF THAT IS MORE CONVENIENT FOR CARICOM MEMBERS. EMBASSY GEORGETOWN REQUESTED TO MAKE THIS POINT, AS WELL AS POINTS IN PARA ABOVE, TO CARICOM SECRETARIAT.

8. POSTS SHOULD ALSO BE AWARE THAT IN PREPARATION FOR TABLING OF US OFFER IN MTN, THE INTERAGENCY GROUP WILL BE REVIEWING RUM, TOBACCO, CITRUS, AND OTHER PRODUCTS OF EXPORT INTEREST TO THE CARIBBEAN. FINDINGS OF THE CARIBBEAN TASK FORCE ON ITEMS STUDIED WILL BE PROVIDED TO THE INTERAGENCY GROUP. FINAL RECOMMENDATIONS FROM THE

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INTERAGENCY GROUP ARE EXPECTED TO BE READY BY JANUARY 1, 1978 FOR JANUARY 15 TABLING OF OFFERS. THESE OFFERS WILL THEN BE SUBJECT TO NEGOTIATION WITH INTERESTED TRADING PARTNERS. CHRISTOPHER

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## Message Attributes

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**Channel Indicators:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
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